

COUNTRY Hungary

SUBJECT Statements of Istvan Antos, Under
Secretary of Finance on Hungarian
Economic Policy

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SUPPLEMENT TO

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1. On the nationalization of foreign industrial establishments in Hungary:
Antos stated that nationalization of such assets does not have to proceed through acts of Parliament, and that there are other means of acquiring these foreign assets. He referred to this system as "cold nationalization", such as employed in the case of MACOT, (the Hungarian-American Oil Company); that is to say, to charge the leaders of foreign companies with sabotage, follow up the charges with criminal procedure and put that establishment under State administration. This method should allow the Hungarian Government to deal with each establishment separately without straining international relations unnecessarily. As for commercial companies selling in Hungary goods on a wholesale scale, they will be taxed over and beyond their ability to pay and will be forced into bankruptcy.
2. Liquidation of Wholesalers:
Antos said that the wholesalers in Hungary are the remaining "capitalistic fortresses" next to be eliminated. Here the procedure will be to exclude wholesalers as buyers from nationalized factories and also to tax them over and beyond their capacity. Thus, they will be forced to abandon their independence. In cases where wholesalers sell above the ceiling prices, they will be prosecuted and their stocks confiscated.
3. Nationalization of Real Estate:
Antos stated that the nationalization of real estate is not an urgent problem. Owners of real estate have hardly any income under the present system. Nevertheless, he stated, there are many landlords who still sacrifice their personal fortune or income in order to keep their buildings in good repair. "Let them do it," Antos stated, "administration and maintenance of these buildings would be far more costly for the State". Only small homes with one or two apartments will be exempt from overtaxation, provided their occupants belong to the "working class".
4. Retail Trade:
Retail distributors will not suffer from nationalization for the time being. They will be taxed, however, in such a manner that they should recognize the advantages of belonging to the large cooperative chain stores.

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5. Land Owners:

Antos declared at a recent meeting that "kulaks" will be overtaxed to the margin of their whole income, and thus wiped out.

6. General

"We know," Antos said, "that with the elimination of wholesale merchants and with the bankruptcy of many retail merchants the state will not be able to collect the same amount in taxes as before. This loss in state revenue will not affect that state budget because the price of goods will be fixed in such a manner as to include the margin formerly pocketed by the wholesaler and retailer."

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Comment: [REDACTED] such a policy will result in higher prices because State administration will be more costly than the administration of private business.) 25X1X6

7. Antos admitted at these meetings that planned economy has led to a few costly mistakes. For instance, dry goods (textiles) have been produced in great quantities in designs where the absorbing capacity of the market is very limited. The same is true of bicycles. Such mistakes decrease the revenue of the Ministry of Finance and Antos expressed hopes that the "Planning Office" will be elastic enough to quickly correct such mistakes in the future by shifting production to goods sought by consumers. Antos indicated at these meetings that he intends to replace in the Ministry of Finance all "class-foreign" (osztaly-idegen) elements with employees from the working class and retain only those "intellectuals" who will educate themselves in the principles of Marxism-Leninism and Stalinism and serve the regime with full loyalty.

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